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ANNUAL REPORT


FOR THE FISCAL YEAR ENDED JUNE 30

GOVERNOR OF HAWAII

TO THE SECRETARY OF THE INTERIOR



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HAWAII

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UNITED STATES
DEPARTMENT OF THE INTERIOR

Douglas McKay, *Secretary*

TERRITORY OF HAWAII

Samuel Wilder King, *Governor*

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, D. C.

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Annual Report of the Governor of Hawaii

Samuel Wilder King, *Governor*



A YEAR OF PROGRESS

The Executive

IN THE Governor's address to the 27th Legislature of Hawaii in joint session on March 17, 1953, the objectives of the administration were outlined as follows:

- (1) Obtain statehood for Hawaii.
- (2) Develop Hawaii's economy.
- (3) Further the use of land.
- (4) Aid in labor relations.
- (5) Promote the efficiency of the basic functions of government.

During the fiscal year 1953-54, the administration's activities have been directed toward the accomplishment of these objectives, and has added publicly another purpose—that of all-out aggressive opposition to communism and any other subversive activity in the Territory. Loyalty Oaths and Personal History Statements required of all employees are also filed by all appointees of the Governor or of any of the department and agency heads.

(1) Prior to the adjournment of the 83d Congress of the United States, with the statehood bill having passed the House of Representatives by a large majority, and the Senate having passed the combined Hawaii-Alaska bill, and the transitional procedure as set down in the act calling for several definite and immediate steps, it was felt that a special session of the Territorial Legislature, limited to statehood matters, should be called. This was done and action started on the necessary legislation required should Hawaii be granted statehood. Had Congress taken favorable action, the Territory would have been in a position immediately to accept the responsibility of statehood. However, the Hawaii statehood bill, amended by the Senate to include

Alaska in the one measure, was not acted upon by the House of Representatives before adjournment.

(2) The Territorial Planning Board, which had been allowed to become dormant, was reactivated and charged with organizing some of the preliminary studies incidental to the future of Hawaii's economy. This Board has been of great value and will be of considerable assistance to the Legislature of 1955.

The 1953 Legislature created the Hawaii Irrigation Authority, under a commission of five members, to make a thorough study of all Territorial irrigation matters. The Authority is already operating the Waimanalo project on Oahu, and is pushing two other projects actively.

Unemployment in Hawaii rose in the final months of the fiscal year 1953-54 to the highest point since 1949, when approximately 30,000 of Hawaii's workers were unemployed. In June 1954, approximately 14,000 were unemployed. Plans for a stepping-up in the public works program which had been authorized by the Legislature were immediately instituted. The net result of this will be that 1955 will be one of the busiest years on record for Territorial road construction and building accomplishment. Also, plans for a temporary work program were formulated, to be put into effect in the next fiscal year.

The Department of Commerce has been asked to establish a branch office of the Small Business Administration in the Territory to assist small businesses, and a tentative program to bring that agency to Hawaii has been set up.

(3) One-family type of farming and ranching and the opening up of areas for homesites has been emphasized. Territorial lands on all islands were surveyed for possible family utilization. Although as of the end of June not too much land had been sold, the planning has been done and hundreds of acres will soon be in the hands of eligible applicants. Efforts have been made and will continue to be made for the return of public lands acquired by the military during World War II, and now no longer used.

(4) From the standpoint of industrial relations, the past fiscal year was one of the most stable that Hawaii has witnessed in several years. Man-days lost, due to labor disputes, were down approximately 80 percent over the previous year. Cost of living has remained stable, registering an increase of only four-tenths of 1 percent. The Territorial Department of Labor and Industrial Relations has been encouraged by the administration to actively engage in advancing its varied services throughout the Territory. The safety program, both in industry and on the streets and highways, has been expanded wherever possible.

(5) The State Constitution adopted in 1950 recognized the fact that the Territorial Government is overorganized. An Advisory Committee on Government Organization has been organized to study the various departments and agencies with a view to coordinating them into a fewer number. A Management Study Committee and a Staff Agencies Committee have also been formed. These two committees have eliminated a number of unnecessary procedures. On February 10, 1954, the Advisory Committee on Taxation presented its report to the Governor. In this report, many possible improvements for taxation procedure were suggested. This report will undoubtedly be studied by the legislature when it convenes in February of 1955.

The Territory and the four county governments have put into force a system of budgeting and reporting on an identical basis, using a uniform accounting system. Centralization of payrolls has been effected which eliminates the preparation of over 600 separate payrolls.

On June 29, 1954, Governor King issued a proclamation, in accordance with Territorial law, calling for a special election on July 31 to fill the vacancy of Delegate to Congress from Hawaii, caused by the untimely death of Joseph Rider Farrington, who died in Washington, D. C., on June 19.

The following reports will indicate the Governor's active participation in all the basic functions of government in cooperation with department heads, board chairmen, and agency directors.

The Legislature—Special Session

On April 20, 1954, the legislature met in special session to consider what further efforts might be undertaken to achieve statehood for Hawaii during the 2d session of the 83d Congress.

In the interest of economy, the leaders of the two houses expressed the desire to limit the special session to the consideration of matters pertaining to statehood and not engage in general legislation. However, the problem of unemployment and compensation was discussed by various members of the legislature.

Official authorization was given and funds appropriated for a legislative delegation (consisting of 7 senators and approximately 26 members of the House, a representative of the judiciary, representatives of veterans' groups, the University of Hawaii, community leaders, and the Hawaii Statehood Commission) to proceed to Washington, D. C., on May 8, 1954, to do all possible to obtain action on the Hawaii statehood bill.

The Judiciary

An analysis of the caseload of the judiciary for the fiscal year ended June 30, 1954, is shown below:

	Cases dis posed of	Cases pending
Supreme Court of the Territory of Hawaii.....	68	44
Circuit courts:		
First Circuit (7 divisions).....	5,389	4,934
Second Circuit.....	871	120
Third Circuit.....	2,101	589
Fifth Circuit.....	774	589
District courts:		
First Circuit (8 districts).....	106,969	923
Second Circuit (6 districts).....	3,963	74
Third Circuit (9 districts).....	6,159	65
Fifth Circuit (5 districts).....	1,094	-----

Economy of Hawaii

Business and economic facts

Income:

Exports amounted to (sugar, pineapple, coffee, etc.).....	\$266,000,000
Federal Government expenditures (Armed Forces, grants, tax refunds, etc.).....	331,000,000
Services purchased in Hawaii (tourists, air lines, etc.).....	76,000,000
Dividends, interest, profits.....	29,000,000
Remittances	14,000,000
 Total.....	 716,000,000

Expenditures:

Goods bought (food, raw materials, auto, drugs, cigarettes, etc.)	403,000,000
Payments to Federal Government (taxes, etc.).....	150,000,000
Services (freight, transportation, advertising).....	89,000,000
Interest dividends.....	19,000,000
Remittances	7,000,000
 Total.....	 668,000,000

Hawaii must expand its economy to meet the demands of a growing labor force and also needs to produce more goods for export.

While the standard of living in Hawaii has risen sharply, the demand for labor has remained constant. Since 78 percent of all personal income is in the form of wages and salaries, the increase in production and income of Hawaii's companies has increased the take-home pay of the constant labor force.

What to do about the increase in "available labor" presents a serious problem and can only be answered by new developments in industry and agriculture. Hawaii has an excess of births over deaths of more

than 12,000 yearly. Employment in the forward areas of the Pacific and induction into the Armed Forces has tended to temporarily reduce our excess labor force.

Another economic problem is our dependence on the national defense program—both for income and employment. A definite policy by the services on the permanency of installations in Hawaii would aid to stabilize this important factor of our economy.

At the present time we import some \$88 million in food products and produce \$42 million in the islands for local use. We must expand our production to lessen the present gap between imports and exports.

Public Finances—Budgetary Matters.—A major task of the Budget Bureau was to assist the Governor in developing a planned program for the biennium which would provide the essential services of government and at the same time achieve the \$3,000,000 savings mandated by the legislature.

An analysis of General Fund finances at the beginning of the biennium indicated an appropriated deficit of \$20,303,074 at June 30, 1955, on the basis that the total appropriations are expended. When this figure was adjusted for the \$3 million mandated savings and reimbursable expenditures, the biennial deficit was reduced to \$12,101,348. During the fiscal year 1953-54, revenue estimates were increased, adjustments were made for appropriations which were not likely to be fully expended, and nonessential projects authorized by the legislature were deferred, with the result that estimated cash deficit at the end of the biennium has been reduced to \$7,504,456 as of June 30, 1954. Also a total of 328.6 positions of the 5,082.4 authorized General Fund positions, excluding school teachers, were not filled on June 30, 1954, because of normal turnover and planned program reductions.

In regard to insurance management a savings of about \$9,000 in premiums as compared to normal rates were achieved for the 1954 automobile fleet insurance policy through negotiations.

During the fiscal year, the Purchasing Division awarded bids under central purchasing totaling \$600,000 covering food, gasoline and oil, tires and tubes, office supplies and standard forms.

Federal surplus property valued at \$535,688 was received by the Surplus Property Division and property valued at \$536,463 distributed to health and educational institutions throughout the Territory at the normal handling cost of \$30,635.

Report of the Treasurer's Office.—During the fiscal year, public improvement bonds in the amount of \$2,372,000 matured, and \$5,500,000 of public improvement bonds were issued, resulting in a bonded indebtedness of \$44,352,000 as of June 30, 1954. Segregated as to

purpose of issue, the \$44,352,000 was divided 21.33 percent for the city and county of Honolulu, 8.31 percent for the county of Maui, 6.19 percent for the county of Hawaii, 2.64 percent for the county of Kauai, and 61.53 percent for the Territory of Hawaii. By the provisions of section 55 of the Hawaiian Organic Act, the debt limitation for the Territory is \$65,805,730, which is 10 percent of the assessed value of property in the Territory. Deducting the outstanding indebtedness of \$44,352,000 from the debt limit of \$65,805,730, left a balance of \$21,453,730 as excess authority to borrow over the total indebtedness as of June 30, 1954. There was authorized, but unissued at the close of the fiscal year, public improvement bonds of \$55,734,720, of which \$39,063,500 required the approval and ratification of Congress, the balance of \$16,671,220 being unrestricted. During the fiscal year, \$912,294.50 interest was paid to the bondholders.

During the fiscal year, 247 domestic profit corporations were registered, and 89 were dissolved; 33 domestic eleemosynary corporations were registered, and 19 were dissolved; 40 foreign intrastate corporations were qualified, and 10 withdrew; 4 foreign interstate corporations were qualified, and 1 withdrew; 2 foreign eleemosynary corporations were qualified. The result at the close of the year was 1,815 domestic profit corporations, 586 domestic eleemosynary corporations, 241 foreign intrastate corporations, 25 foreign interstate corporations, and 27 foreign eleemosynary corporations.

During the fiscal year, 399 general copartnerships were registered, and 444 were dissolved or canceled; 15 limited copartnerships were registered, and 10 were canceled; no changes for special copartnerships. The result at the close of the year was 2,052 general copartnerships, 81 limited copartnerships, and 11 special copartnerships.

During the fiscal year, requests for loan fund allocations totaling \$4,343,807 were received from the Department of Public Works, the Board of Harbor Commissioners, the Hawaii Irrigation Authority, the county of Maui, the county of Hawaii, and the county of Kauai. These requests were passed upon by the Committee on Priorities and sent to the Governor for his approval.

Report of the Tax Commissioner.—Aggregate tax collections made by the Department of the Tax Commissioner for the fiscal year ending June 30, 1954, reached an all-time high of \$82,710,358, an increase of \$12,225,684 over the previous fiscal year's collections of \$70,484,674. Adjustments necessary to place the two fiscal years on a comparable basis reflect an increase of \$1,546,665 or 2.02 percent. Of the \$1,546,665 the sum of \$1,243,878 represents an increase

in the Territorial general fund tax revenues the remaining difference being applicable to collections for the counties and special funds.

Following are comparative statistical statements which are self-explanatory:

Comparative statement of tax collections for the fiscal years ended June 30, 1953 and 1954

Kind of tax		1952-53	1953-54	Increase or decrease*	Per-centage
Bank excise	Current year	\$177,931.25	\$172,068.75	*\$5,862.50	3.29
Compensation and dividends	do	10,759,771.92	11,332,540.68	572,768.76	5.32
	Prior years	386,493.98	386,751.17	257.19	.07
Fuel ¹	Current year	8,731,039.76	8,438,334.88	*292,704.88	3.35
General excise, consumption and compensating	do	31,046,659.16	31,751,043.17	704,384.01	2.27
	Prior years	794,967.75	871,276.83	76,309.08	9.60
Inheritance and estate ^{2,3}	Current year	283,036.51	376,150.90	93,114.39	32.90
Insurance ²	do	951,420.04	1,019,604.80	68,184.76	7.17
Liquor	do	1,925,778.40	1,955,300.88	29,522.48	1.53
	Prior years	54,739.38	34,218.92	*20,520.46	37.49
Net income—corporation	Current year	3,148,214.20	3,039,390.93	*108,823.27	3.46
	Prior years	68,782.72	59,492.55	*9,290.17	13.51
Net income—individuals	Current year	1,521,618.21	1,532,012.64	10,394.43	.68
	Prior years	149,015.89	151,301.98	2,286.09	1.53
Personal property ⁴	do	4,173.12	797.14	*3,375.98	80.90
Poll tax ⁴	do	37.71		*37.71	100.00
Public utilities	Current year	2,240,312.04	2,355,628.84	115,316.80	5.15
	Prior years	36,422.83	57,279.85	20,857.02	57.26
	do	1,394.66	977.81	*416.85	29.89
Public welfare ⁵	Current year	10,651,304.01	10,833,815.60	182,511.59	1.71
Real property ⁶	Prior years	189,498.87	265,237.71	75,738.84	39.97
	Current year	1,143,078.06	1,115,734.93	*27,343.13	2.39
	Prior years	532.18	101.15	*431.03	80.99
Unemployment security ³	Current year	2,175,189.47	2,239,015.30	63,825.83	2.93
Total		74,755,353.03	76,160,642.30	1,405,289.27	1.88
Total		1,686,059.09	1,827,435.11	141,376.02	8.38
Grand total		76,441,412.12	77,988,077.41	1,546,665.29	2.02

¹ Aviation gas tax rate reduced from 4 to 3½ cents per gallon effective July 1, 1953.

² Prior to July 1, 1953, collected by Territorial treasurer.

³ Breakdown as to current and prior years' collections not complete—listed as current year.

⁴ Repealed Jan. 1, 1948.

⁵ Repealed July 1, 1943.

⁶ Fiscal year 1952-53 includes \$4,722,281.19 real property tax collections not made until fiscal year 1953-54 because of delay in fixing real property tax rates as a result of the extended legislative session.

NOTE.—Collections are exclusive of collections made by the counties, and other fees or levies administered by other Territorial agents.

Comparative statement showing allocation of fiscal year tax collections

	Fiscal year 1952-53	Fiscal year 1953-54	Increase or decrease*	Percent-age
General fund revenues (Territory) ¹	\$43,936,120	\$45,179,998	\$1,243,878	2.83
Counties' share ²	24,877,622	25,068,100	190,578	.77
Territorial highway fund	4,059,730	4,468,727	408,997	10.07
Territorial airport fund ³	1,392,851	993,906	*398,945	28.64
Unemployment trust fund	2,175,189	2,239,015	63,826	2.93
Small boat harbor fund (effective July 1, 1953)		38,331	38,331	-----
Total	76,441,412	77,988,077	1,546,665	2.02

¹ Fiscal year 1952-53 includes \$1,234,457 insurance and inheritance and estate taxes collected by Territorial treasurer.

² \$4,722,281 fiscal year 1953 collections were not collected until fiscal year 1954 because of delay in fixing 1953 tax rates as a result of the extended legislative session. Fiscal year 1952-53 collections includes \$4,722,281.

³ Aviation gas tax rate reduced from 4 to 3½ cents per gallon effective July 1, 1953.

NOTE.—Collections are exclusive of collections made by the counties, and other fees or levies administered by other Territorial agents.

Comparative real property tax values and other related data covering the entire territory

	As of Jan. 1, 1953	Percent to total	As of Jan. 1, 1954	Percent to total
Assessor's gross valuation:				
Land.....	\$698, 148, 360	53. 96	\$696, 665, 521	52. 64
Improvements.....	595, 701, 590	46. 04	626, 728, 634	47. 36
Total.....	1, 293, 849, 950	100. 00	1, 323, 394, 155	100. 00
Exemptions:				
United States.....	317, 692, 729	24. 55	318, 042, 657	24. 03
Territory.....	100, 404, 327	7. 76	104, 119, 515	7. 87
Counties.....	36, 954, 921	2. 86	44, 349, 240	3. 35
Homes:				
1953..... 40, 344	110, 916, 532	8. 57	117, 740, 395	8. 90
1954..... 42, 794				
Public utilities.....	24, 788, 516	1. 92	24, 421, 625	1. 85
All others ¹	57, 211, 149	4. 42	55, 227, 644	4. 17
Total exemptions.....	647, 968, 174	50. 08	663, 901, 076	50. 17
Assessor's net taxable values.....	645, 881, 776	49. 92	659, 493, 079	49. 83
Valuations on appeal.....	10, 996, 357		2, 871, 560	
Taxpayers' net valuation.....	634, 885, 419		656, 621, 519	
50 percent of valuation on appeal.....	5, 498, 178		1, 435, 780	
Net valuation for tax rate purposes.....	640, 383, 597	49. 49	658, 057, 299	49. 72
Amount raised by taxation.....	10, 800, 000		11, 000, 000	
Average rate per \$1,000 value.....	17. 16		16. 72	

¹ Schools, hospitals, churches, etc.

Trend in economic conditions as reflected by business volume, wages, dividends, gasoline consumption, etc., on a comparative basis for 2 fiscal years are summarized here from information obtained from current year tax returns

Items	1952-53	1953-54	Increase or decrease*	Percent- age
Gross business income.....	\$1, 402, 253, 092	\$1, 439, 423, 428	\$37, 170, 336	2. 65
Retail sales.....	515, 086, 757	531, 030, 242	15, 943, 485	3. 09
Wholesale sales.....	245, 611, 625	247, 037, 872	1, 426, 247	. 58
Sugar sales.....	112, 363, 203	116, 151, 555	3, 788, 352	3. 37
Canning (pineapple sales, etc.).....	94, 890, 609	87, 939, 599	*6, 951, 010	7. 32
Manufacturing.....	86, 771, 389	95, 847, 366	9, 075, 977	10. 45
Producing.....	45, 184, 766	43, 825, 913	*1, 358, 853	3. 00
Contracting.....	87, 994, 510	93, 272, 879	5, 278, 369	5. 99
New business licenses issued.....	7, 081	7, 613	532	7. 51
Licenses cancelled.....	6, 957	6, 811	*146	2. 09
Total number of licenses issued.....	39, 616	42, 017	2, 401	6. 06
Wholesale value of tobacco sales.....	*8, 623, 921	7, 439, 331	*181, 107	2. 37
Wholesale value of liquor sales.....	*16, 499, 657	16, 291, 556	243, 828	1. 51
Salaries and wages.....	505, 249, 849	533, 501, 649	28, 251, 800	5. 59
Dividends.....	31, 479, 703	32, 952, 455	1, 472, 752	4. 67
Gasoline consumption—gallons.....	102, 779, 223	104, 614, 928	1, 835, 705	1. 78
Diesel oil consumption—gallons.....	28, 132, 844	23, 469, 532	*4, 663, 312	16. 57
Aviation gasoline consumption—gallons.....	34, 821, 275	27, 976, 294	*6, 844, 981	19. 65

*Included prior years in error—corrected tobacco sales, \$7,620,438; liquor sales, \$16,047,728.

EDUCATION

Department of Public Instruction

During the year just closed, the Department of Public Instruction continued to place a major emphasis on its in-service training program for teachers and principals. Improvement in the techniques

of instruction by the teacher means improvement in learning by the pupil. Workshops have been held in various centers throughout the Territory and the voluntary attendance and enthusiasm on the part of many teachers have been very gratifying. These workshops have been varied and have covered many different phases of the public school curriculum; their grade level has ranged from kindergarten through the senior high school.

The problem of a rapidly increasing school population is still with us and will continue for some time. Our previous estimates on increased enrollment have been quite accurate. In 1951, we had a total public school enrollment of 96,837 pupils in all grades. In December 1953, this had increased to 106,464. It is estimated that by 1956 this figure will be 118,660; in 1959 it will be 131,293. These figures have tremendous implications. A large number of additional teachers will have to be employed to teach the additional children; new classrooms will have to be built to house them.

Money received from the Federal Government under Public Law 815 has been of great value in alleviating the shortage of classrooms. The Federal Government has made \$5,250,521 available to the Department of Public Instruction for school buildings that have either been completed or are in the process of being constructed. During the past year three schools on Oahu have been completed with funds granted under Public Law 815. These are the Nimitz Elementary School in the Pearl Harbor area, Barber's Point Elementary School, and the Kainalu School located in the Kalama area in Kailua. Other projects approved for construction during the coming school year are a second Aiea Elementary School, the Pearl City Elementary School, the Moanalua Ridge Elementary School serving the Pearl Harbor Aliamanu area, and the Aiea High School. Additional applications for other new buildings are now in Washington and it is hoped that they will be approved within the next year.

The securing of adequately trained teachers is still a problem, especially in the elementary division of the school system. Not enough local people take up teacher-training at the university level. Unless the future supply of locally trained teachers is increased, the problem will become aggravated as the pupil enrollment increases. The shortage of trained teachers is nationwide and we cannot always be sure of recruiting from the mainland to take care of our own lack of supply.

University of Hawaii

The University of Hawaii registration for the academic year was 5,967; for the 1953 summer session, 3,264; for the 1954 summer session, 3,657.

Physical improvements made during the fiscal year included the dedication of Frear Hall, the first student residence; the new book store was put into operation; ground was broken for the new library; plans were approved for the Hilo Branch buildings; a heat power engineering laboratory was installed; the Hawaii Marine Laboratory plant was improved; and the new University Aquarium building neared completion.

A Carnegie Corp. grant provided for a visiting professor program over a 5-year period. Notable courses included a summer session workshop in economic understanding, a clinic in speech correction, and a credit course on Shakespeare over television. Fulbright and other grants sent five faculty members to continental America, Europe, the Near East, and Australia.

Research embraced subjects basic to the Territory's economy: The use of sugarcane and pineapple byproducts in livestock and poultry feed; expansion of the coffee industry under the favorable price ceiling; furtherance of fruitfly control; development of frozen tropical fruit products. The Territory's titanium resources were examined and assessed. Tests continued on the reaction of tuna and other fish to scent, electricity, radioactivity, and dispersal methods. The University Press published *Diversified Agriculture of Hawaii* and a *Directory of Hydrobiological Stations and Personnel in North America*, among other books. The Agricultural Extension Service was active in point four program.

Among new activities was the capping of the first class in the new School of Nursing. The university cosponsored a Race Relations Conference in World Perspective, made possible by grants from the Ford and McInerny Foundations, attended by 37 conference members with a large number from foreign countries. Also sponsored by the university was an Advanced Management Course whose staff was composed of professors from the Harvard Graduate School of Business Administration. Fifty-eight local, mainland, and foreign business executives attended. An orientation program was inaugurated in cooperation with the Department of State in which 44 men and women from southeast Asia and other countries bordering the Pacific are being made acquainted with American speech idioms, culture, and institutions and social usages.

The following received honorary degrees: Arthur Hays Sulzberger, publisher of the New York *Times*; George Barati, musical director of the Honolulu Symphony Orchestra; and Charles F. Chillingworth, chamber of commerce executive.

The university's budget totaled \$4,466,356. The sources of these funds were Federal, \$459,029; Territorial, \$2,677,082; university in-

come from student fees and sale of services, \$1,330,245. At the end of the period, faculty members numbered 490; civil-service employees, 354.

Libraries of Hawaii

In reviewing the work of the Library of Hawaii for the past year, the most outstanding item is the increased use of branch libraries. Although 2 of the rural branches had their hours greatly curtailed as an economy measure, the 7 branches scattered over the island of Oahu circulated a total of 524,694 books, an increase of 34,768 over the previous year.

Circulation figures for the entire system were 1,258,470 books, periodicals, pictures, and pamphlets, plus 7,560 films and 16,638 recordings—a grand total of 1,282,668. Borrowers increased from 86,993 to 88,187, a gain of 1,194. Reference work—the information function of the library—increased from a total of 99,259 requests answered last year to 104,403 in 1953-54.

Hawaii County reported a circulation of 383,554 books, periodicals, and other materials for the fiscal year; Maui, 272,971; and Kauai, 200,716.

On Hawaii Island 2,335 persons attended the regularly scheduled film programs. The circulation of phonograph records during the first 9 months surpassed the total circulation of last year.

On Maui the library is being used by a larger percentage of residents to find the answers to questions, for serious study and for recreational reading. Plans are being made for the construction in 1955 of a branch library in Lahaina which will bring adequate library service to the residents of West Maui.

A new station library was opened in Hanalei, island of Kauai, this summer and the response has been enthusiastic. During the year a Friends of the Library group was organized for the purpose of broadening community interest and participation in library activities. The chief project planned is to assist the Kauai Public Library Association in the promotion of a historical museum as an annex to the library in Lihue.

Archives

During the fiscal year there were 7,299 calls for information and/or research, 15,988 index cards typed, and 1,623 hours spent in transferring records from the old to the new building, including packing, unpacking, and filing.

The move into the new modern building has been anticipated for a long time. Through the cooperation of all concerned the Archives was able to carry on service during the transitional period.

One of the most successful projects undertaken has been the employing of an official guide for Iolani Palace. Since January 1954 over 6,000 visitors have been shown through. This figure does not include special occasions such as Kuhio Day when the building was thronged with eager spectators.

Bureau of Sight Conservation

The number of blind persons in Hawaii reached the highest peak in the 18 years of operation with a register at 696 as of June 1954. The greatest rate of increase in blindness occurred among infants which compares with an increase nationally due to an eye disease that attacks premature babies. The greater number of blind persons is in the older age group of Hawaii's population due to a correlation between chronic illness and old age and blindness. There was a correspondingly higher number of visual defects found in the school population, and the annual vision testing has shown that 1 in every 10 children of school age has an eye defect.

Under the home teaching program 959 visits and 1,293 teaching hours were spent on blind persons receiving instruction in Braille, personal and home adjustment.

The increase of blindness in infants necessitated a more intensive study and work in the preschool blind program. There are 50 blind preschool children. A total of 2,252 visits and teaching hours were made by the preschool worker to assist parents in helping with the development of the children.

The gross sales for 1953-54 in the vending stands supervised by the Bureau was \$252,607. Gross purchases amounted to \$202,646, with a gross profit to vendors of \$49,961. The gross profit was lower than for the previous fiscal year which may be accounted for by the greater competition which is facing local blind persons operating businesses.

One hundred and twenty-one persons received help from the Vocational Rehabilitation Division, of whom 24 were placed in employment.

The operating report for the Territorial Shop for the Adult Blind showed a total gross sales of brooms, mops, coconut buttons, and chair caning of \$67,621.72. Gross receipts were \$65,688.63, with \$29,273.60 paid in wages to the blind and \$36,433.03 paid for raw materials, \$21 for equipment, and \$2,139.77 for current expenses. Total resources of the shop were \$76,796.48. The shop started the fiscal year with a balance of \$11,107.85 and as of June 30, 1954, the cash balance was \$8,870.33.

The annual vision testing in the schools found 13,331 children to have visual defects serious enough to warrant correction; of this number, recommended medical care was completed for 11,292. Eye clinics either organized or supervised by the Bureau were attended by 1,423 persons. Eye care was completed for 1,191.

Commission on Children and Youth

During the fiscal year the Commission concentrated on three projects; namely, vocational training, mentally handicapped, and illegitimacy. Reports of the subcommittees are as follows:

The studies and report of the Committee on Vocational Training are significant and indicated additions to our work force of around 5,000 a year.

In common with the rest of the country, Hawaii is experiencing a relative decrease in the demand for unskilled workers, and a proportionate increase for semiskilled and skilled.

Statistics presented by Mr. William H. Coulter of the Department of Public Instruction indicated that by 1960, replacement demand alone for such categories as craftsmen, foremen, service workers, and related, will require 5,580 persons annually.

The prospect of an increase of 50 percent in available hotel rooms in Waikiki in 1955, and the probability of still further increases in the years ahead, a training program for hotel service work, organized in cooperation with potential employers, is recommended.

The Committee on Mentally Handicapped believes a program of public education on this problem is necessary, and recommends the following:

1. A diagnostic clinic be set up under the Board of Health with an appropriation of \$10,000 for the biennium to provide for the evaluation of 200 children.

2. Centers and facilities—

- (a) The extension of school centers for educable children with an appropriation of \$53,260.

- (b) Establishment of off-campus centers for severely handicapped, with an appropriation of \$26,700.

- (c) Improvement and expansion of Waimano Home facilities.

3. Plan a community education project, including a public meeting at Mabel Smyth Auditorium. (This meeting was held May 24.)

While the studies of the Committee on Illegitimacy are not yet finalized, it is hoped, however, that they will effectively suggest new approaches to the problem which will result in substantial economic and social savings to the Territory.

This is of particular concern for Hawaii, because the rate of illegitimacy in the Territory is 43 per 1,000 live births, against only 33 for the Nation. Over 30 percent of our illegitimate pregnancies occur in girls under 19 and nearly 2 percent under 14.

The subcommittee on medical care reports that there appear to be "ambiguities and conflicts of policies (between the various interested public and private agencies) which at least partially contribute to little or no prenatal care, a hospital delivery, and followup care for mother and child."

The subcommittee on legal aspects held 13 meetings, and has under study a proposed redraft of chapter 299, R. L. 1945, the general tenor of which involves placing more emphasis on the civil and remedial nature of paternity proceedings.

Members of the committee attend the annual meeting of Advisory Council of State and Local Action for children and youth in Washington, D. C.; National Conference of Training Schools and Juvenile Agencies, Atlantic City; United States Department of Health, Education, and Welfare Conference on Curbing Juvenile Delinquency, Washington, D. C., and Conference of World Confederation of the Teaching Professions, Oslo, Norway, without expense to the committee.

HEALTH AND WELFARE

Health

During the fiscal year the Territorial Department of Health's programs included the following:

1. *Civil defense*.—Preparedness in the event of a natural disaster or enemy attack is a major concern of health officials in the Territory. More than half a million dollars worth of emergency supplies were catalogued, arranged, stored, and made ready for immediate use. Many staff members participated in the "mock" attacks held during the year.

2. *Chronic disease*.—This category of health is creating the major problems in public health today as shown by deaths and incidence of diseases. While fewer people die from tuberculosis, the number of people who get the disease has declined only slightly. Some advance was made in the attempt to discover cancer of the lung and some heart conditions early through the use of the chest X-ray.

3. *Epidemics*.—The only communicable disease which has reached epidemic proportion during this fiscal year was poliomyelitis, declared epidemic during the last week in April.

4. *Housing*.—Good progress has been made in eliminating sub-standard tenements after the Board of Health warned owners that their application for renewal of license would not be approved.

5. *Hansen's disease*.—The Federal Government reimbursed the Territory for \$1 million for Hansen's disease patient care. This continues to be an expensive program but the advent of new drugs makes a cure possible within a few years whereas formerly no hope was possible.

6. *Hospital construction*.—Federal allocations for hospital construction are administered by the Board of Health with \$125,000 going to Queen's Hospital and \$75,000 to Kauai Veterans' Memorial Hospital.

7. *Medical care*.—Hawaii alone, among all the States and Territories, was approved by the Bureau of Public Assistance, Department of Health, Education, and Welfare, to receive Federal matching funds for the medical care of eligible indigents.

8. *Accident prevention*.—The Health Department created an accident prevention committee to study nonfatal accidents and make plans for an intensive educational program of accident prevention.

9. *Special studies*.—A special study is being conducted on the island of Kauai which may offer information of national and international significance. Referred to as the Kauai Pregnancy Study, it is endeavoring to find out causes leading to stillbirths or births of babies with some handicap.

Another special grant made by the Public Health Service for the second consecutive year in conjunction with its civil defense projects is for laboratory studies on the preparation of culture media for growing micro-organisms from materials available locally.

In the work to control the mosquito carrier of dengue fever, the Bureau of Mosquito Control imported two new species of cannibal mosquitoes for propagation in the Territory.

Public Welfare

During the fiscal year 1953-54 changes in administration policies and a resurvey of cases have developed efficiency and resulted in a savings of expenditures.

The average number of persons receiving financial help monthly over the year 1954 was 16,479 as against 19,200 persons in 1953.

The following table shows public welfare expenditures for 1953 and 1954:

	Fiscal year 1953	Fiscal year 1954
Assistance payments.....	\$6,243,100.10	\$5,426,610.59
General assistance.....	1,147,550.64	513,823.18
Aid to the disabled.....	606,130.77	655,536.05
Old-age assistance.....	855,073.99	811,582.63
Aid to dependent children.....	3,132,146.05	2,971,798.95
Aid to the blind.....	52,426.54	56,317.95
Child welfare services.....	449,772.20	416,551.83
Administration.....	945,803.58	952,890.87
Grand total.....	7,188,903.77	6,378,501.46
Federal share.....	¹ 3,163,637.70	² 3,153,902.09
Territorial (net).....	4,025,266.07	3,224,599.37

¹ 44.0 percent. ² 49.4 percent.

United States Department of Health, Education, and Welfare

Over \$15 million of Federal funds and property directly benefiting more than 29,000 islanders were spent or made available in Hawaii under programs of the Department of Health, Education, and Welfare. Other thousands benefited substantially, though indirectly. The sum was distributed approximately as shown below:

	Number directly benefited	Distribution of Federal funds
Old-Age and Survivors Insurance (administered by Federal Government only):		
Insurance payments.....	16,094	\$6,838,196
Estimated number "policy (Social Security card) holders".....	370,500	
Public Health Service (administered by Federal Government only): Out-patient and dental clinics, protection against quarantinable disease from foreign sources, examination of Federal employees.....	(1)	(2)
Public Health Service—Research, National Institutes of Health (University of Hawaii):		
Research project referred to as "Hawaii Itch".....		2,500
Psychiatric social work.....		5,416
Federal credit unions (private groups): ³		
Assets.....	\$32,778,039	
Members.....	66,887	
Number of credit unions.....	131	
Public assistance (Territorial Department of Public Welfare): Federal grants for assistance to needy aged, blind, children, and disabled.....	12,659	2,975,452
Child Health and Welfare Services (Territorial Department of Health; Territorial Department of Welfare): Federal grants for services for maternal and child health, crippled children; and child welfare.....	(1)	677,521
Public Health (Territorial Department of Health): Federal funds for general and mental health activities, control of tuberculosis, heart disease, cancer, hospital construction, and research.....	(1)	1,212,422
Educational programs (Territorial Department of Public Instruction):		
Federal grant for vocational education.....	(1)	158,653
Federal assistance to schools in federally affected areas:		
Public Law 815 (construction).....	(1)	1,279,480
Public Law 874 (operation and maintenance).....	(1)	960,788
American Printing House for the Blind.....	13	283
Office of Education (University of Hawaii): Colleges of Agriculture and the Mechanic Arts.....	(1)	74,985
Vocational Rehabilitation: (Territorial Office of Vocational Rehabilitation, Bureau of Sight Conservation and Work with the Blind).....	771	167,232
Surplus Property (Bureau of the Budget):		
Acquisition value of Federal surplus transferred to Hawaii for health and education purposes.....		
Personal property received (materials and equipment).....	(1)	535,688
Real property (land and buildings).....	(1)	78,038
Other DHEW funds spent in Hawaii: For DHEW salaries and for local purchases of goods and services (estimated).....		267,000
Grand total.....	29,537	15,233,654

¹ Not available.

³ No direct distribution of Federal funds.

³ This is a federally sponsored and inspected thrift organization which finances itself.

These funds and surplus property reaching Hawaii through the Department of Health, Education, and Welfare contribute substantially to the stabilization of island economy. More than \$9,800,000, identified with social security programs, helped to cushion the disastrous effects that lack of income usually has on older people, children, and young families.

Department of Institutions

The fiscal year saw a number of significant changes in the administration and operation of the Department of Institutions. The Director requested authority from the Governor to employ a management consultant to review the work of the various committees and staff members and make recommendations for a permanent organizational setup.

Territorial hospital.—Population at the Territorial hospital remained fairly constant throughout the year, with 1,186 patients at the beginning of the year and 1,180 at the close of the year, for an average daily patient population of 1,171.21. It is anticipated, however, that the population will show a small but steady gain in the future until it levels off at somewhere around 1,500 patients. Continued difficulty was experienced by the hospital in the care of alcoholics and narcotic addicts which they are mandated by law to receive and treat, but have never been given the facilities with which to work. The Territorial hospital expended \$1,702,711 for an average per capita cost of \$3.98. First admissions totaled 313, total discharges 158, for an average daily population of 1,171.21.

Division of Training Schools.—The most significant change in the operations of the Division of Training Schools was the closing in October 1953 of the Mauna Loa Forestry Camp and the simultaneous opening of a small forestry camp on the island of Molokai to be operated in conjunction with the reforestation program of the Board of Agriculture and Forestry. An innovation has been the establishment of a coeducational school program for the male and female wards. During the fiscal year the Division of Training Schools received 89 new commitments and discharged 50. The population remained practically constant with 164 at the beginning of the fiscal year and 163 at the end for an average daily population of 162.31. The Division operated on a total expenditure of \$439,943 for normal operations with a daily per capita cost of \$7.43. It is significant that the Division was able to reduce the per capita from \$813 in the previous year to \$743 in this year.

Hawaii Prison System.—Oahu Prison's population was 602 at the end of the fiscal year as against 618 at the beginning. Commitments now are at the normal average level of years past and it is our earnest hope that they will decrease rather than increase in the next fiscal year. Response by the community to the educational program has been enthusiastic and volunteer teachers are now conducting classes in practically all subjects. A number of inmates completed work necessary to secure their eighth grade diplomas and a few were awarded high school certificates. The prison system operated on a total expenditure of \$898,144 for an average per capita cost of \$3.98.

Waimano Home.—Construction was under way on the 5 new dormitories and related facilities authorized by the 1953 Legislature and for which \$525,000 was appropriated. There are, at present, 500 patients awaiting admission, 125 of whom have already been committed but due to lack of facilities are still being cared for by outside agencies. There are included in this total of 125, 75 nonambulatory cases which will require total hospitalization. Farm production continued at a high level with a total value of produce of \$175,834. The farm supplies nearly 70 percent of the food requirements of the institution. Surpluses are sold on the open market. The cost of production was \$113,724, leaving a net profit of \$62,110. General fund expenditures were \$803,818 for an average per capita of \$3.28 based upon an average daily population of 705 patients.

Division of Parole and Homeplacement.—During the fiscal year, we have been able to effectively carry on the parole and homeplacement program without filling all available positions. This Division operated on an expenditure of \$68,469 for an average cost of supervision per parolee of \$0.85 per day.

Board of Paroles and Pardons.—The Board fixed 206 minimum sentences, paroled 153 prisoners, recommitted 48 for violation of parole, and discharged 143. There were 166 petitions for executive clemency, of which 73 were granted. There were 888 prisoners on parole at the end of the fiscal year. Of this number 553 were residing in the Territory and 335 in the various jurisdictions abroad. Expenditures were \$62,276. Based on the average Territorial parole population of 567.5, the cost of supervising a felon represented \$110 per year.

Hawaiian Homes Commission

The administrative program of the Hawaiian Homes Commission is functioning very satisfactorily under a revised setup. Closer touch with the homesteaders by the Commission and its staff seemed to be what was lacking and with new positions authorized by the

legislature, a better understanding of the purpose of the Hawaiian Homes Act has been brought about. Proper education, guidance, and better public and human relations have brought about a happier people.

The Commission is operating well within its budget. Money for the operation of the Administration Fund is obtained from collection of rentals of the Hawaiian Homes Commission owned lands which are leased by the Territory of Hawaii Land Department. Rentals exceed the amount required for budgetary purposes, hence no appropriation is needed from the General Fund of the Territory to underwrite the cost of the administration of the Hawaiian Homes Commission.

Loans approved for the fiscal years 1952-53 and 1953-54 for the construction of new homes and alterations and repairs to existing homes for surrenders and settlement of estates, amounted to \$1,052,706.09. Out of this amount the sum of \$837,023.91 was expended for the construction of 162 new homes and repairs to 81 existing homes. The balance of the loans approved represents moneys paid out for homes surrendered to the Commission, settlement of estates, and moneys set aside for authorized loans but not used at present.

Repayments of loans for the same period was \$675,469.28. This is a big improvement over previous years which has come about by a campaign of collection of delinquent accounts presently being carried on. At present there are 1,147 open accounts, of which 641 are delinquent. Because of this "pay-up" campaign the delinquent list will be eliminated within a few years.

At Waimea, island of Hawaii, 48 pastoral lots have been allotted and are now in cattle grazing by homesteaders. Thirty of these ranchers have entered into an agistment agreement with the Parker Ranch, four with the Anna Ranch, and the rest are operating independently. During the past year several of these homesteaders have raised and sold their heifers, realizing a goodly income therefrom. Only seven farm lots have been allotted in this area, most of which have been planted and crops harvested so that these farmers have already realized an income from these lands.

Early this year the Hawaiian Homes Commission opened up the Panaewa Forest area in Hilo, Hawaii, to farming, and issued 120 lots, total area 1,033.10 acres, to 111 homesteaders who are presently occupying house lot leases at Keaukaha. The area of these lots runs from 3 to 10 acres. There are at present 34 of these lots cleared and planted to passion fruit, macadamia trees, coffee trees, taro, papaya, watermelon, and other fruits.

Pineapple is presently the leading crop on homestead lands at Hoolehua, Molokai, with some crop planting on a small scale. Several homesteaders have been raising cattle on the Hawaiian Homes Community pasture area and have received income from the sale of cattle.

The Commission has withdrawn approximately 500 acres in the upper lands of Kekaha, Kauai, from the general lease to Kekaha Plantation. This area has been subdivided into 5 lots of about 100 acres each, and a drawing will be held on Kauai soon to determine who will be assigned these lots, which are to be used for agricultural purposes.

The Commission has selected additional areas from all the islands which will be withdrawn from the control of the Public Lands Commissioner of the Territory for homesteading purposes under the next 5-year program. This includes lands on Maui and Kauai which, presently, do not have any Hawaiian Homes Commission program.

Hawaii Housing Authority

Two new federally aided, low-rent projects for families of low income, comprising 534 dwelling units—Kalili Valley Homes with 400 units and Kuhio Homes with 134—were completed. Also completed were 56 additional territorially financed units in Palolo Valley. Another 31 such units, which were nearing completion, have since been leased to eligible families. Plans have been completed for the construction of 82 permanent homes in Palolo. The completion of the 82 units will mark the end of the Authority's Territorial building program (306 new permanent type units).

The improvement in the general housing situation has been reflected in the Authority's application load as shown in the following table:

Applications	July 1, 1952, to June 30, 1953	July 1, 1953, to June 30, 1954
Active—carried forward from previous year.....	1,652	1,708
Received during year.....	5,474	4,733
Total processed during year.....	7,126	6,441
Active June 30.....	1,708	994

On July 1, 1953, Manoa War Homes, which were built by the Federal Government and which had been operated by the Authority for the Federal Government, were relinquished to the Authority by the Public Housing Administration at no cost to the Authority, under authorization provided by Public Law 475, 81st Congress.

The completion of Kalihi Valley Homes, a federally aided low-rent project providing homes for 400 families of low-rent income, was marked by a dedication ceremony at the project site on February 26, 1954.

Award of sale of the Authority's New Housing Bonds (second issue) in the amount of \$5,775,000 for the permanent financing of Kalihi Valley Homes, project TH 1-5, and Kuhio Homes, project TH 1-7, another new low-rent project of 134 dwelling units completed in December 29, 1953, to the low bidder Blyth & Co., Inc., New York, N. Y., at par plus a premium of \$51,975 and bearing interest of 2 $\frac{3}{8}$ percent was made by the Commissioners of the Authority on March 2, 1954.

Maintenance work performed under contract during the year amounted to \$85,185.

Payments in lieu of taxes were made by the Authority to the city and county of Honolulu during the fiscal year in the amount of \$46,143.93 and to the county of Hawaii in the amount of \$4,174.72.

The Authority, in accordance with section 20, JR 4, SLH 1947, transferred \$350,038.72 to the treasurer. The funds transferred represented the net income from operations of 1,376 temporary dwelling units leased from the Navy, 82 permanent dwelling units in Palolo Valley, Naska Emergency Homes in Kahului and proceeds from rental of Central Maintenance Shop and Storeroom facilities, all constructed or converted with advances under JR 4. The Authority also repaid to the Territory by deposit with the treasurer the amount of \$112,622.71.

Veterans' Affairs

The activities of the Council on Veterans' Affairs increased in a marked manner during the year, due greatly to the stepped-up rate of discharges from all branches of the military service. Over 20,000 contacts were made by the 4 offices with veterans throughout the Territory.

Recently, the council started issuance of a biweekly bulletin which is sent to all veterans organizations in the Territory to keep veterans informed of the latest benefits and to remind them of their eligibility for old ones.

One of the high spots of the year is when the council coordinates the annual "Leis for Memorial Day." This year over 50,000 flower leis were collected throughout the Territory to decorate the graves in the National Cemetery of the Pacific.

PUBLIC SAFETY

Civil Defense

Four exercises and drills were held during the year to check the effectiveness of this agency's planning and give the Territorial, county, and component services of civil defense field practice in handling emergency and disaster problems.

Three major projects were inaugurated during the fiscal year: (a) Matched funds were authorized to improve the inadequate Oahu warning siren system—19 new sirens are being installed and centralized control of the system inaugurated. (b) Improvement of Territorial Civil Defense Agency radio communications to all islands was also improved on a matching fund basis and seven 100-watt transmitters and receivers have been installed in strategic positions. (c) A method of alerting all neighboring counties simultaneously by a telephone emergency system controlled by the Honolulu Police Department was inaugurated.

Training, especially in first-aid courses, was satisfactorily carried on. The Public Information and Education program progressed and the training booklet for all school children has been printed and distributed. A 750 g. p. m. fire pumper was purchased with matched funds and will be used for training volunteer firefighters on Oahu. The some \$750,000 worth of Territorial and Federal medical stockpile supplies stored in Diamond Head Tunnel were carefully checked continuously by our Medical and Health Division and are in excellent condition.

Hawaii National Guard

On June 30, 1954, 5,920 officers and men were enrolled actively in 66 units of the Hawaii National Guard. Another 107 were on the inactive rolls on that date for a total strength of 6,027. Of the active strength, 5,050 were in army units and 870 in the air units. The strength of 5,920 represented an increase of 99 over the corresponding strength at the beginning of the fiscal year.

There were two additions to the troop allotment of the Hawaii National Guard during the year, the first being the organization of the 8199th Replacement Training Squadron (auth. 25 officers and 75 airmen) at Hickam Air Force Base on July 1, 1953. On November 1, 1953, the 120th Signal Support Company (auth. 12 officers and 190 enlisted men) was organized at Fort Ruger.

With these two organizations added, the Hawaii National Guard now consists of the following:

Air Units

Headquarters, Hawaii Air National Guard.
 109th Aircraft Control and Warning Squadron.
 199th Fighter Interceptor Squadron.
 8199th Replacement Training Squadron.
 199th Forecasting Flight.

Army Units

Headquarters Detachment, Hawaii National Guard.
 120th Military Police Company.
 120th Signal Support Company.
 613th Ordnance Company.
 298th Regimental Combat Team.
 298th Infantry Regiment.
 483d Field Artillery Battalion.
 227th Engineer Company.
 111th Army Band.
 299th Regimental Combat Team.
 299th Infantry Regiment.
 487th Field Artillery Battalion.
 230th Engineer Company.
 110th Army Band.

Field training for the year was again held in June, at 4 major sites on 2 islands. Eight hundred and forty-one members of the air units trained on Oahu, 491 at Kaneohe Marine Corps Air Station and 350 at the Koko Head radar site. The majority of the Army units, 4,225 men, trained at Schofield Barracks and vicinity, while the 2 field artillery battalions, 749 men, occupied 2 separate training sites (Lyman Field and Pohakuloa) on Hawaii. This camp was the first to be held on the island of Hawaii since 1938. The reason for training at this location was to permit the artillery units to take advantage of the excellent firing range at Pohakuloa. A total of 5,815 men attended field training with some outstanding percentages of attendance achieved. The 298th RCT had 99.5 percent of its members present, the 299th, 97.3 percent, the air units, 90.2 percent, and all other units, 99.4 percent. The program of the Army units stressed: (1) The training of the individual soldier in outdoor subjects which are not adapted to the armory drill periods, and (2) the training of small units such as squads, sections, and platoons in field maneuvers and combat firing problems. The training of the air units consisted of on-the-job training in the techniques required to accomplish unit missions.

Funds for support of the Hawaii National Guard were drawn from both the Federal and Territorial Governments during the year, in the proportion of \$7.85 in Federal funds for each dollar of Territorial money expended. The Federal contribution totaled \$4,129,156 (\$981,246 Air and \$3,147,910 Army) and the Territory expended \$525,883.

Under the armory construction program, bids were obtained and construction started on 2 projects, the 5-unit armory at Lyman Field, Hilo (\$208,442 total cost, of which \$144,366 is Federal support and \$64,076 Territorial), and the rehabilitation of an old gymnasium building at Laupahoehoe as a 1-unit armory (\$19,598 total cost, of which \$13,712 is Federal and \$5,885 Territorial). Completion of the Hilo job is scheduled for February 1955 and Laupahoehoe will be finished by December 1954. Further projects under the armory construction program are being delayed until such time as additional Territorial matching funds are provided. This program provides for Federal aid on the basis of 75 percent Federal money matched by a 25 percent Territorial contribution. At present \$92,566 in Federal funds previously allotted and another \$467,000 projected for allotment during the fiscal year 1955 cannot be used due to lack of Territorial matching funds.

Two important activities in the field of real estate during the year were the release of 150 acres of land at Hanahanapuni, Kauai, originally acquired for a rifle range, and the negotiations for the turnback of Fort Ruger areas to the Territory by the Department of the Army.

AGRICULTURE AND NATURAL RESOURCES

The total land area of the Territory of Hawaii is 4,099,840 acres, of which 309,130 acres or 7.5 percent is under intensive cultivation. Areas devoted to grazing of range animals comprise about 37 percent of the total land area. Most of the rangeland is used for beef cattle production.

Agriculture and Forestry

The production of sugar, the most important agricultural crop, increased 7.73 percent over the bumper crop of 1952, and amounted to 1,099,316 tons of 96° sugar, an all-time record. About 221,542 acres were in sugar, a slight decrease over the previous year.

There were about 74,000 acres in pineapple production, and the total pack of canned pineapple and its products decreased from 29,476,494 cases for the crop year ending May 31, 1953, to 29,411,018 cases for the crop year ending May 31, 1954.

There were 3,800 acres in coffee which produced approximately 9,000,000 pounds.

Exports of fresh papayas and fresh pineapples continued to increase, with the outlook for further increases promising, particularly with respect to papayas.

In 1953, 515,000 packages of cut flowers were shipped to the mainland compared to 500,000 in 1952, an increase of about 6 percent.

There was a slight increase in beef production and milk remained the same as last year. The production of eggs increased about 10 percent. The production of poultry meat increased 20 percent and the production of pork about 20.

Approximately 336,498 insects were reared under laboratory conditions for release in the field as a pest control.

The total fish catch for the Territory amounted to 18,878,208 pounds in 1953, and was valued at \$3,655,579, representing an increase of 8.4 percent in weight; however, in actual market value it was a decrease of \$118,652, or 3.2 percent, over the previous year.

The most serious threat experienced by the livestock interests during the year was drought and an emergency aid program was formulated by the Governor's Drought Study Committee to provide stricken ranchers with livestock feed. This program was continued until the Federal drought emergency program could be extended to Hawaii. In addition to drought, there were two outbreaks of cattle disease, anaplasmosis and bovine mucosal.

In the Bureau of Marketing, promulgation of 27 new and revised standards was completed.

The acquisition of public hunting areas through cooperative agreements was the highlight of the wildlife management and research program during the year. Some 10,000 acres of Parker Ranch land were negotiated for whereby the Division of Fish and Game regulates all public hunting thereon. In addition, public hunting areas were negotiated for or created at (1) Puu Ka Pele near Kokee on Kauai (9,000 acres); (2) Kekaha, Kauai (5,000 acres); and (3) Kula, Maui (6,000 acres). Bobwhite quail were introduced on Oahu and Hawaii. Four additional nene were produced at Pohakuloa, Hawaii, bringing the total flock to 15.

In planting work on forest reserves a cooperative agreement was entered into with the Department of Institutions whereby a group of boys from the Koolau Boys Home is maintained on Molokai to aid in the reforestation program. A total of 51,795 trees were planted on 171.5 acres of land. Total planting on all islands amounted to 87,754 trees on 238.18 acres. In protection work a total of 191,192 feet of fence work was undertaken and 5,005 pigs, sheep, goats, and

cattle were eliminated. Some 46,996 feet of roads and 177,913 feet of trails were constructed, repaired, and cleared.

Active use of recreational facilities in forest and park areas continued throughout the year. Palaaau Park on Molokai was officially opened to the public. Consideration to add the Wailoa River site on Hawaii within the Territorial park system is still pending.

Public Lands

The Hawaii Organic Act recognized the desirability of establishing in this community many small landowners and gave a mandate to the Territorial Government to develop and encourage homesteading to the utmost degree.

The present Land Commissioner has carried out this mandate to the best of her ability. The Department of Public Lands has sold or made plans to sell large areas on practically every island group. There were 128 sales of land involving a total area of 7,600,000 square feet. These sales involved a camp site on Hawaii, 96 house lots, 8 business lots, 17 industrial lots, 3 church sites, and 3 farm lots. It also leased 49 pieces of property totaling almost 30,000 acres, at an annual lease rental totaling over \$215,000. These leases involve land for agriculture, business, pasture, clubhouse, and for several other purposes.

Studies have been made which will result in a 1,000-acre parcel of land being subdivided into 33 house lots in the Volcano area on Hawaii; 49 house lots will be made available at Lalamilo in Kohala, Hawaii. The Territory has land that can be subdivided into beach lots at Puako near Kawaihae on Hawaii, and it appears that these are much in demand.

Coffee land has been developed in Kona and land just outside of Hilo will be subdivided into 10-acre lots suitable for coffee, macadamia nuts, and for lichee nuts.

A subdivision is planned for house lots near Hana at the east end of Maui of approximately 28 acres, and another subdivision of beach lots at Kihei totaling 30 acres.

The Fort Ruger house lots in the Diamond Head area of Honolulu will go on sale in November and should bring in approximately \$1 million.

Under the Bankhead-Jones Farm Tenant Act, it is expected that 42 farm lots will soon be sold in Waimanalo.

In addition to the above, there will be for sale 9 house lots in Waianae; 9 industrial lots in North Honolulu; 7 house lots at Kapaa,

Kauai; 24 house lots near Kapaa, Kauai; an additional 171 lots in Waimea and at Koloa, Kauai.

We hope for the eventual release by the armed services of Bellows Field, Sand Island, Fort Armstrong, and an area of almost 200 acres at Pokai Bay, Oahu.

Under Act 282, Session Laws of Hawaii 1953, we are proceeding with the construction of many homestead roads on Hawaii, Maui, and on Kauai.

Survey Department

The following is a report of work done for various departments of the government:

For the Land Court, 26 original applications, comprising 65 lots with a total area of 485.077 acres, were checked on the ground and reported out during the year; 383 maps of subdivisions of registered titles were examined and approved, comprising 2,655 lots with a total area of 130,758.332 acres; 18 title and boundary studies in land court cases were made and reports submitted to the attorney general, in 14 of which the public interests in Territorial owned lands conflicted with those of other parties.

Nineteen file plans, comprising 1,349 lots with a total area of 431.795 acres, being subdivisions of private property filed for record in the bureau of conveyances, were subjected to check surveys and reports submitted to the registrar.

Two hundred and sixty-six descriptions of survey, with individual sketch plans attached, have been prepared and furnished Federal, Territorial, and county offices. These were the result of field surveys or of compilations from office records based on previous surveys and of which 10 were for land exchanges covering rights-of-way for Federal-aid projects, county highways, and other public purposes; 90 for homestead, beach-lot, and house-lot subdivisions; 6 for school lots; 5 for park sites; 18 for easement rights-of-way; 4 for church lots; 5 for forest reserves; and 128 for miscellaneous governmental requirements.

On the island of Hawaii, six triangulation stations were concreted in Waimea pasture lots. Preliminary surveys of 55 house lots at Lalamilo, South Kohala; preliminary survey of 20 lots in Panaewa Forest Reserve, Hilo, and 18 lots in Papa Homestead Tract, South Kona, were made.

A parcel of land on Alohea Street in Kapahulu returned to the Territory by Presidential order was subdivided into eight house lots and proper plans and descriptions furnished the Land Commissioner.

A detailed survey was made of Kalaupapa Settlement on Molokai for the Board of Health.

Of new maps, 13 were registered and 6 plans and tracings completed during the year, these latter including the many features of survey work undertaken by this department, such as government subdivisions and pasture lots for leasing purposes.

For the Hawaiian Homes Commission, on the island of Hawaii, the mapping of Puukapu, Nienie, and Kapulena-Kamoku pasture lots, at Waimea, has been completed and field work for the Panaewa Farm Lots, a new subdivision for agricultural homesteads and residence lots, is now in progress.

Various lots in Papakolea and Nanakuli on the island of Oahu were subdivided and staked.

On the island of Molokai, various homesteads in Hoolehua and Palaau were restaked, as well as lots at Kalamaula, and points were marked along the boundary line of grant 4269 to Mrs. Maraea Richards, at Kamiloloa.

Extensive surveys have been carried on in Waimanalo, Koolaupoko, Oahu. Forty-three homestead lots have been marked, roads laid out in the area, the boundaries of the University Farm resurveyed and staked, and all existing ditches, reservoirs, and other improvements and geographical features located.

Some 39,389 prints have been furnished to the public and government offices.

The expenditures of the survey department for the fiscal year included \$135,218.21.

PUBLIC SERVICE AND REGULATION

Secretary of Hawaii

A varied program of activities was undertaken in connection with preparations for the primary and general elections in 1954. This included appointments to boards of election inspectors and boards of registration, all of which are subject to Senate confirmation; establishing precincts and polling places, installation of voting booths and equipment; printing of instructions to voters, notices of election, ballots, and other forms; schooling of election officials and the general public, and other duties incidental thereto.

Several hundred appointments to various boards and commissions were made and commissions issued therefor, and the requirement for the filing of oaths of loyalty and personal history statements of all members to boards and commissions was consummated.

The number of applications for certificates of Hawaiian birth and petitions for change of names has shown a steady increase over the previous years. The increase in the number of applications for birth certificates may be attributed principally to security measures adopted by the government.

Public Works

The Territorial Highway Department and Department of Public Works let contracts totaling \$6,295,081.29 during the fiscal year ending June 30, 1954.

This total, which includes architectural and engineering contracts, is divided as follows: Federal-aid highways, \$4,672,851.63; airports, \$152,504.62; other public works, \$1,469,725.04.

The Territorial Board of Harbor Commissioners let contracts totaling \$3,332,428 during 1953-54 fiscal year. This figure brings to \$9,627,509 the dollar volume of contracts let during the year by the three major Territorial departments engaged in construction.

The three agencies have been preparing for a building program totaling \$24,000,000 in 1954-55.

Highway projects under way during the fiscal year improve major routes in all of the counties. Honolulu saw the first mile of its new Mauka Arterial opened to traffic, and the next section placed under contract. A new, 2.7-mile section on Moanalua Road will be another boon to commuters between Honolulu and military installations to the northwest. The first section of the new Nuuanu Pali Highway went into service, and the second mile is under construction.

On the island of Hawaii, two sections of the Hamakua Coast Route were in progress at the close of the fiscal year. This 40-mile highway is now about two-thirds completed. It will probably proceed at a slower rate in the future, for the special congressional funds for its construction are now almost exhausted. This highway owes its existence to the tidal wave of 1946, which knocked out the existing railroad serving the Hamakua Coast sugar industry.

On Maui's rugged northwest coast, the second section of the Lahaina-Wailuku Road is now under construction. Two major highway improvements were completed early this year on Molokai—one on Kaunakakai-Kualapuu Road, and the other on Farrington Avenue.

On Kauai, the new Anahola-Kealia Road was almost ready for dedication at the end of the fiscal year. Three and one-half miles long, this new two-lane road follows entirely new alinement.

The year has brought Hawaii a chance to increase the volume of its highway construction program. A new Federal law makes available

to the Territory an additional \$700,000 per year in Federal-aid money, provided Hawaii can match this sum.

The boost in Federal aid, if matched, would allow Hawaii to expand its highway construction budget by about 30 percent.

Biggest public works contract of a nonhighway nature was for new dormitories at Waimano Home at Pearl City, Oahu. The contract amount was \$490,727.

Construction of a five-unit armory at Hilo, Hawaii, got under way. A Territorial office building on Molokai and new Kapaa branch library on Kauai were other major projects which were started in the fiscal year 1954.

The chief airport contract granted during the year was for construction of paved areas at the freight terminal building at new General Lyman Field on Hawaii.

The number of contracts for architectural and engineering services for public works (other than highways or airports) increased from 2 in 1952-53 fiscal year to 10 in 1953-54, and the dollar volume went up from \$16,400 to \$73,758.70.

Hawaii Aeronautics Commission

During the fiscal year, Honolulu International Airport accommodated 255,385 aircraft operations as compared to 194,129 the previous year. Contributing heavily to the increase was the movement of local military aircraft. On a national scale, Honolulu Airport handled the second largest number of military aircraft movements of any civil facility.

Due, for the most part, to the general acceptance of tourist class travel, overseas passenger traffic increased 12.1 percent—a new all-time high.

Interisland traffic also achieved a record high of 570,263 passengers, or an increase of 2.8 percent.

These outstanding increases all combined to make Honolulu International Airport the 12th busiest in the Nation.

Territorywide improvements completed during the year are as follows:

City and county of Honolulu: Honolulu International Airport—

Installation of medium intensity lights on runway 4L-22R----	\$149, 553. 79
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Hawaii County-----	976, 707. 09
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General Lyman Field:

Administration-passenger terminal building and control tower-----	370, 736. 18
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Hawaii County—Continued

General Lyman Field—Continued

Freight terminal building-----	\$110,000.00
Private plane hangars-----	20,118.55
High intensity lights, runway 8-26-----	36,236.38
Standby electrical system-----	140,440.26
Parking areas, access road, and fencing-----	219,427.20

Kamuela Airport: Combination passenger and freight terminal-----	79,748.52
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Maui County-----	60,841.68
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Kalaupapa Airport, runway paved 1,200 feet-----	31,381.93
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Molokai Airport drainage system-----	29,459.75
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Grand total, Territory of Hawaii-----	1,187,102.56
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Title transfer of Kahului Airport to the Territory, in accordance with Public Law 377, is still being withheld by the Secretary of the Navy. Meanwhile, in the interest of safe and efficient operation, the H. A. C. has provided funds for the operation and maintenance of an interim control tower. Tower operation is normally the function and financial obligation of the Civil Aeronautics Administration. However, until the title is transferred—allowing construction of an approved permanent-type structure—it remains the burden of the Territory.

Plans to extend the Kona Airport runway, Kona, Hawaii, to a length of 4,900 feet were suspended during the past year as the result of two injunction suits filed in the First Circuit Court, followed by an order of the court temporarily restraining the Hawaii Aeronautics Commission from proceeding with its plans.

Preliminary plans for a new passenger terminal at Honolulu International Airport were approved by the Commission in March of this year. Immediately following approval of the preliminary plans, authorization was granted to proceed with construction plans and specifications. According to the timetable set by the Superintendent of Public Works, actual construction is to start on this project not later than mid-1955.

Events of interest during the year include the inauguration in February of trans-Pacific service between Tokyo and San Francisco via Honolulu by Japan Air Lines. Quantas Empire Airways, an Australian airline, now provides the air services formerly furnished by BCPA between the Antipodes and the Pacific coast.

In support of its policy favoring competitive airline services, the Commission during the past year filed statements with the Civil Aeronautics Board unanimously endorsing the recertification of

Trans-Pacific Airlines, Ltd., as one of two scheduled interisland air carriers, and in support of Northwest Airlines' recertification as a carrier to operate direct service between the Pacific Northwest co-terminals and Honolulu.

Despite gains in the volume of air passenger traffic, there was a substantial decrease in revenues from fuel tax collections—the major source of operating income for the Commission. Fuel tax receipts for the past year totaled \$993,906. This represents a decrease of 28.6 percent, as compared with the previous year's total of \$1,392,851.

The decrease was anticipated, however, and was primarily the result of the phasing out of the Korean airlift, which officially terminated on March 31, 1954. Reduction of the aviation fuel tax rate from 4 to 3½ cents per gallon, a law which became effective July 1, 1953, contributed to the drop in fuel tax income.

Revenue from other airport fees and charges amounted to \$596,700. In addition, \$172,099 was received from Federal grants and \$86,345 from other sources. Operating expenditures totaled \$951,658. The sum of \$981,193 was expended for new construction and equipment, and \$32,988 for bond redemption.

Harbor Board

The following tabulation gives comparative activity as related to overseas shipping at the major ports of the Territory of Hawaii for the fiscal year ended June 30, 1954:

Port	Number of vessels		Inward cargo tons		Outward cargo tons	
	1953	1954	1953	1954	1953	1954
Honolulu.....	1,132	1,068	2,547,486	2,410,503	825,672	¹ 904,922
Hilo.....	220	205	264,224	278,026	462,634	428,250
Kahului.....	178	184	218,995	228,398	401,013	378,842
Port Allen.....	104	109	59,378	65,503	122,001	54,528
Nawiliwili.....	115	126	63,314	66,088	253,217	286,986
Total.....	1,749	1,692	3,153,397	3,048,518	2,094,537	2,053,528

¹ Includes 62,574 tons of molasses. Molasses was not included in previous reports.

Passenger arrivals via surface transportation increased from 22,952 in 1953 to 26,082 in 1954, an increase of 13.6 percent.

An analysis of the cargo statistics for the fiscal year reveals that there was an overall decrease of 5 percent in the overseas cargo discharge and an increase of 2 percent in the loading activities at the port of Honolulu for the fiscal year ended June 30, 1954. An average drop of 6 percent was noted in the import of the principal cargoes, i. e., lumber, general merchandise, and petroleum products. Passenger

auto shipment took the greatest dip as evidenced by the fact that 11,306 were discharged at this port last fiscal year as compared to 9,209 this year, or a decrease of 18.5 percent.

All the other neighbor island ports enjoyed a slight increase averaging around 6 percent in their import and with the exception of the ports of Honolulu and Nawiliwili all experienced a decrease in their export. This decrease can be attributed to the reduced shipment of sugar and its byproducts.

The overall interisland commerce declined by 47,000 tons. This was due to a decrease in the shipment of general merchandise and fresh pineapple.

During the year contracts totaling \$536,322 were completed and new contracts awarded for work amounting to \$3,332,428. The largest single contract let during the year was for the new Pier 2 Honolulu shed, in the sum of \$1,924,929. Other contracts called for dredging and fill at Ala Moana Beach Park and dredging in the Ala Wai Boat Harbor Channel; dredging at Kawaihae, Hawaii, and the construction of a small craft landing, \$430,205; the asphalt paving contract, \$119,283; and the fire sprinkler system, \$56,932, for the new Pier 2 Terminal Facilities.

In addition to the projects already under contract, plans are about completed and all of the following projects authorized by the 1953 Legislature will be out for bids shortly: Extension of Pier 1, Kahului, Maui; improvements at Keauhou Bay, North Kona, Hawaii; completion of Maalaea Boat Harbor, Maui; small boat harbor facilities at Waimea, Kauai; new fish unloading pier and small boat landing, Wailoa River, Hilo, Hawaii; and the small craft landing at South Point, Kau, Hawaii.

Harbor Board revenues not only maintained the record level established last year but also slightly exceeded that figure. Earnings from the year's operations were \$1,539,819 compared to \$1,531,031 for the previous fiscal year.

Public Utilities Commission

Thirty-four dockets were processed during the year, sixteen involving electric utilities, nine involving transportation, four involving telephone communication, three involving terminal operations, and two involving gas utilities. Geographically, the distribution was: Oahu, 20; Hawaii, 5; Kauai, 4; Maui, 3; and Molokai, 2. Decisions and Orders were issued in 33 dockets; work on the remaining 1 is near completion. One Order was challenged and is now ready for adjudication by the Territorial Supreme Court, this being an Order permit-

ting around-the-island tour bus service by Honolulu Rapid Transit Co., Ltd.

An aggregate amount of \$14,495,000 in new capital was authorized, of which \$8,500,000 was in first mortgage bonds, \$2,000,000 in preferred stock, and \$3,995,000 in common stock. Of the aggregate amount, \$9,155,000 was for electric utilities, \$3,500,000 for telephone, and \$1,840,000 for terminal operations.

Electric utility expansion on Oahu indicates future growth and the Commission's studies here have been aimed at having sufficient productive plant to meet the contemplated growth. On the neighbor islands, not as extensively as on Oahu, expansion of electric utility by plant growth, extension of distribution system, and merging all indicate growth proportionate to that of the area being served.

During the second half of the year, a plan to supply low-pressure natural gas to areas away from the Honolulu distribution system was studied. This received wholehearted Commission support, as it will bring gas utility to isolated and slow-growing areas on Oahu.

A plan of extended area service was given detailed attention. This was encouraging to the telephone utility and will be an achievement all of Hawaii should accept. The aim is to have toll-free dial telephone service throughout the Territory, an end toward which actual progress was made during the year as evidenced by toll-free dial service between Kailua-Honolulu-Waipahu on Oahu and the complete conversion of Molokai from hand-magneto to automatic dial service.

Of four transportation companies, one surrendered its certificate of public convenience and necessity and went out of business. Two companies operated on a very close margin due largely to unfair competition by uncertificated operators. The Commission took action against the latter, the case now pending in the Circuit Court. In the case of Honolulu Rapid Transit Co., a raise of fares resulted in a diminution of almost 20 percent in revenue passengers. Increased private automobile registration also had a bearing on transportation losses.

The merging of Oahu Railway & Land Co. and Young Bros., Ltd., resulted in carloading and switching operations tying into ocean freighting to make available better service to users of waterfront facilities. Further merging of terminal operations is likely next year.

LABOR

Department of Labor and Industrial Relations

Except for normal seasonal fluctuations, there was little change in the Territory's total employment (1953 average 185,870, while the

1954 average was 183,770). However, unemployment increased 20 percent. Unemployment insurance benefits paid to jobless persons increased 34 percent for a total of \$3,618,799. There was a 29 percent gain to a total of \$2,349 in the number of persons who had exhausted unemployment insurance benefits.

Wages paid to workers covered by unemployment insurance during the calendar year 1953 totaled \$301,491,463, as compared with \$289,053,786 in 1952.

Wage and hour investigations of 1,710 establishments employing a total of 30,043 persons were completed during the year, resulting in 177 violations and \$35,681.18 in back wages found due. Nonmonetary violations amounted to 402 cases of inadequate records, 10 cases of split shift provisions of law, 20 cases of violation of the Child Labor Law, 26 cases of violation of Workmen's Compensation Law, 37 of Employment Security Law, and 17 cases of Fair Labor Standards Act.

Apprenticeship registration continued to increase, making a 12 percent gain over the record of enrollment 523 in 1953.

PERSONNEL AGENCIES

Civil Service

With the passage of Act 278 and Act 212, SLH 1953, the Civil Service Commission had the task of verifying back pay claims for the more than 5,000 employees in service and for many individuals who had left the service. Another task was the determination of proper grade levels and pay rates for all employees in service due to the adoption of the new G. S. Compensation Schedule. With the lifting of the 2-year moratorium on most of the classification actions on July 1, 1953, a total of 1,275 classification actions were taken. Of the major types of actions taken, 267 were reclassifications upward, 48 were reclassifications downward, and 575 were allocations of new positions. As of June 30, 1954, there was a backlog of 274 requests for classification action.

In recognition of the importance of a proper classification and pay plan, this Department was directed to conduct a special study on this subject for which a special appropriation was granted. Although not completed yet, rapid progress has been made.

A new Civil Service rule setting forth the scope and procedures to be included in the grievance procedure rules for each of the Territorial agencies was promulgated. Major changes in the vacation and sick leave provisions of law necessitated changes in the vacation and sick leave rules and regulations.

For the first 6 months of 1954, a tally was made of separations and new appointments. During this period of high unemployment, the figures tallied show that there were 317 separations as compared to 441 new appointments. Of this increase of 124 new employees, a number were hired to fill vacancies left unfilled as of December 31, 1953.

Retirement System

As of June 30, 1954, there were 18,006 active and inactive members of the Employees' Retirement System of the Territory of Hawaii.

There were 1,199 beneficiaries on our retirement payrolls as of June 30, 1954, and the total amount paid beneficiaries during this period was as follows:

Classification	Number	Annual pensions and retirement allowances
Veterans, Hawaii National Guard	6	\$2, 479. 92
Retired teachers (old pension system)	4	2, 400. 00
Pensions, Acts 261/1925 and 31/1927	4	2, 940. 00
Pensions, Acts 267/1927 to 247/1947	25	13, 616. 76
Service retirement	922	798, 242. 25
Ordinary disability retirement	157	110, 823. 48
Accidental disability retirement	62	96, 481. 29
Accidental death pensions	19	17, 672. 44
Total	1, 199	1, 044, 656. 14

As of June 30, 1944, the membership of the system totaled 11,901 and investments amounted to \$18,818,601.70 as compared to 18,006 members and total investments amounting to \$77,268,660.71 as of June 30, 1954.

